

KENTUCKY DEPARTMENT OF EDUCATION

STAFF NOTE

Action/Discussion Item:

Site Acquisition and Preparation Cost Approval for the proposed New Elementary School at Masterson Station, Fayette County

Applicable Statute or Regulation:

702 KAR 4:050. Building Sites; Inspection, Approvals

Action Question:

Should the Kentucky Board of Education (KBE) approve site acquisition and preparation costs that exceed 10% of the maximum budget for the proposed elementary school at Masterson Station?

History/Background:

Existing Policy. When a local board of education wants to acquire property for a new school, the superintendent requests a site inspection by the Division of Facilities Management (DFM). If the proposed site has merit and is acceptable to the Department of Highways for entrance visibility and bus turn lanes, the district is given tentative approval to purchase the property, and is notified in writing to submit the site selection documentation required by 702 KAR 4:050, Section 4, in order to obtain final approval to purchase the land. The regulation states: “The site selection process is a two (2) step approval process. A tentative approval allows the local district to pursue a site for further assurances and documentation which may lead to the approval to acquire the property.” The regulation further states: “After evaluation of the submitted documentation, the chief state school officer shall issue an approval to acquire the property or disapprove the acquisition, except when approval is required by the State Board for Elementary and Secondary Education for site cost analysis survey and acquisition cost exceeding ten (10) percent of the maximum budget for the project.”

Additionally, 702 KAR 4:050, Section 5(1) provides, in part: “Acquisition and site preparation costs of the local school board shall be ten (10) percent or less of the maximum budget for the project, unless authorized by the State Board for Elementary and Secondary Education.”

The first priority on the Fayette County Facility Plan is construction of three new elementary schools on new sites to replace three transitional schools. The issue with the Masterson Station site is that the cost of the property plus the site development costs are 13.42% of the total project cost.

The district was given tentative approval to buy the Masterson Station site, but documentation required for final approval to purchase the property was received by KDE after the district had already acquired the land. However, the extenuating conditions regarding the Masterson Station site are that during lengthy condemnation court proceedings, the district did not know the price, and in lieu of estimating site preparation costs they waited until actual costs were known—and those costs went up because of necessary rock excavation.

Policy Issues and Options:

The following pertains to the 15 acre Masterson Station site:

KDE Tentative Site Approval	September 24, 2002
Final Site Approval	Pending
Date of Closing/Deed	November 29, 2006
Site Acquisition Cost	\$875,000 (\$58,333.33/acre)
Site Development Cost	\$1,486,507
Acquisition + Site Dev.	\$2,361,507 = 13.42 % of Total Project Cost
Total Project Cost	\$17,592,712

Title to the Masterson Station site has already been transferred to the Fayette County Board of Education. KBE has the following options regarding this issue:

1. Because of extenuating circumstances, approve site acquisition and preparation costs at 13.42% of the total project cost.
2. Delay action and request additional information.

Staff Recommendation and Rationale:

Staff recommends KBE approval of the Masterson Station site acquisition and preparation costs at 13.42% of the total project costs. The district owns the property, the acquisition was made in good faith, and this is in the interest of providing proper school facilities to replace the transitional Linlee Elementary School.

Impact on Getting to Proficiency:

Good school facilities are a necessary component for academic success: a school's physical environment has an impact on student achievement, and the attitude of teachers and staff. The construction of the new elementary school will improve the instructional

environment and favorably affect the school's progress toward reaching proficiency in 2014.

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Recommending Deputy

Interim Commissioner of Education

Date:

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